Introduction

The Urban Land Institute (ULI), cosponsor of the Association of Bay Area Governments (ABAG) Spring 2000 General Assembly, convened 30 leaders from throughout the Bay Area for a Regional Leadership Forum on Smart Growth in March, 2000. This group (for a participants' roster, see background notes), which included local government officials, leaders of business, environmental and social equity groups, developers and members of the design profession, reached agreement on ten top-priority actions that should be implemented by state and local governments and regional agencies to address critical growth challenges.

RECOMMENDED PRIORITY ACTIONS (from the Regional Leadership Forum on Smart Growth)
These recommendations, which were unveiled and discussed at the ABAG General Assembly, included the following (for a more detailed discussion of the reasoning behind these recommendations, see background notes):

1. Develop a regional smart growth strategy.
2. Link urban growth boundaries with the establishment of complementary policies and incentives to ensure that needed housing is accommodated within the boundaries.
3. Exchange one-half cent of the locally levied sales tax for an equivalent amount of property tax.
4. Create regional revenue pools to reward smart growth behavior.
5. Reform regional housing needs determination process so that needed housing is allocated according to smart growth principles.
6. Provide incentives for creating housing at all income levels.
7. Provide grants or loans to jurisdictions to develop transit-oriented development (TOD) plans, establish zoning and perform specific area CEQA analysis in order to address community and environmental concerns and streamline future development in these areas.
8. Add infill rail stations and transit-oriented development within existing rail networks, where feasible. Consider augmenting service to create new limited transit lines.
9. Extend rail lines only when station areas are rezoned to appropriate densities and allow mixed use and mixed income development.
10. Improve public schools.

Recommended Priority Actions Unveiled
at ABAG Spring General Assembly
Summary of Discussion and resulting recommendations

On Friday, April 28, 2000, the second day of ABAG's General Assembly, "Smart Growth: Moving From Rhetoric to Reality," the set of ten "Recommended Priority Actions" were unveiled before city and county representatives and then discussed in facilitated small group sessions. Gary Binger, ABAG Deputy Executive Director/Planning Director, initially reviewed each action and provided background information on how and why each action was developed. Following his presentation, GA participants were asked to choose one of three break-out sessions to discuss these recommended actions. The actions were separated into three topic clusters: land use, housing and transportation.

The land use group discussed actions 1-4, the housing group discussed actions 5 and 6, and transportation discussed 7, 8 and 9. The tenth action, which involved improving public schools, was left as a cross-cutting action that could be discussed as it related to each of the three categories. Staff from Moore Iacofano Goltsman (MIG), Inc. facilitated and graphically recorded each small group session.

The following small group wallgraphic report displays the main points as they were presented at the large group report-back session of the GA. Reporters provided the overview of their small group discussions, including comments on the ULI Recommended Priority Actions and some implementation strategies. A narrative account of the comments and actions proposed from each group, as displayed on the wallgraphic, follows each topic area.
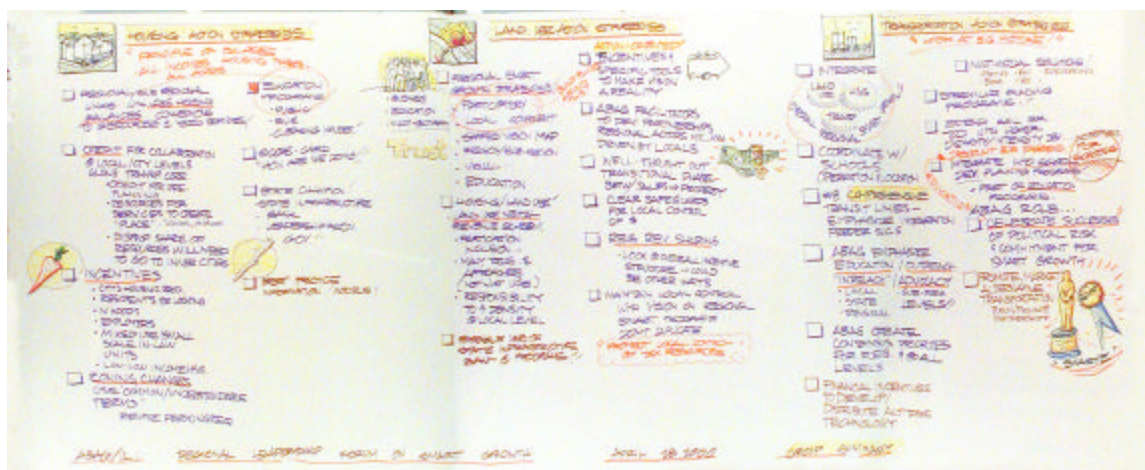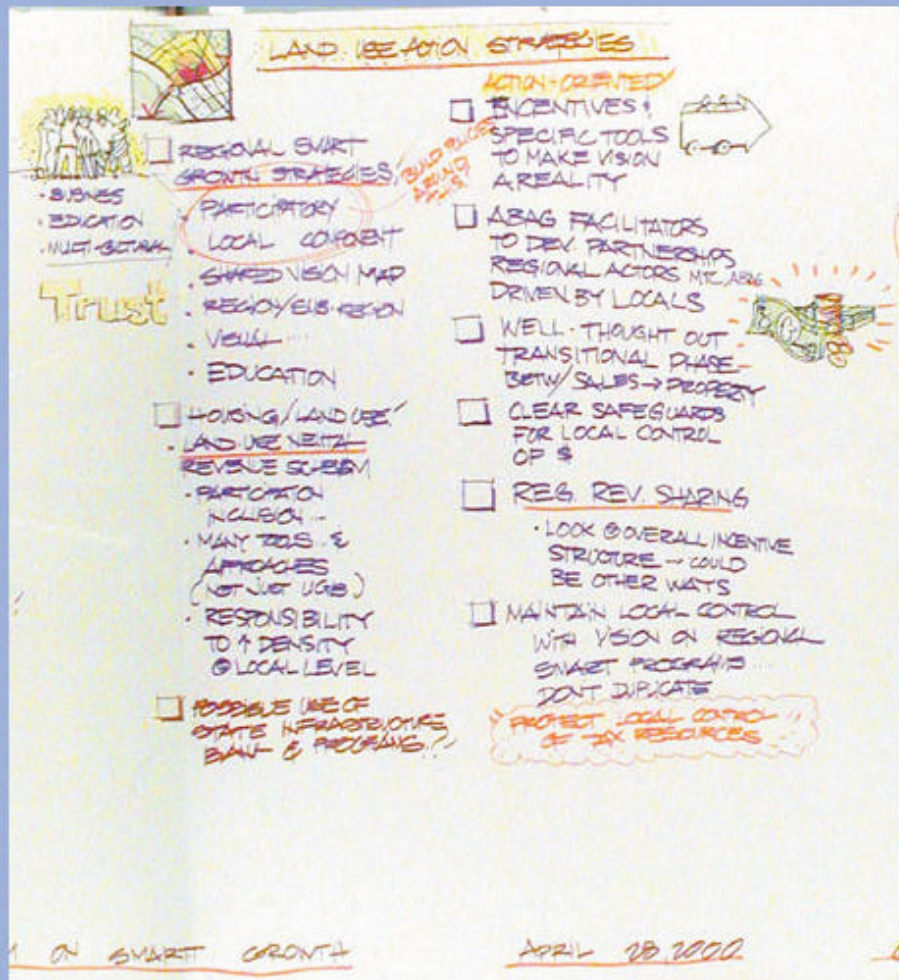
Comments on ULI Recommended Priority Actions

The group supported the actions in concept, stressing the need to involve all players in the detailed implementation of the action. Comments that relate directly to a ULI Recommended Priority Action have the <u>Action</u> number in parentheses.

- Develop a rational, well-thought out transition phase between property and sales taxes especially after the first year of implementation. (#3)

- Establish clear safeguards that protect local autonomy on expenditures. (#3)

- Look more broadly at the overall incentive structure – there could be other methods to incentivize smart growth behavior. (#4)

- Maintain local control even on regional smart growth programs. (#4)

- Coordinate programs to avoid duplication of efforts at local and regional levels. (#4)

Implementation Strategies

- A regional smart growth strategy needs to be developed through a comprehensive participatory process. The use of a participatory model will build trust between the diverse interests involved and should lay the groundwork for future policy development and implementation. This broad participatory process should include:
  - ✓ a strong local component;
  - ✓ diverse representation from business interests, educational interests, and diverse cultural and economic interests;
  - ✓ an extensive education and outreach effort;
  - ✓ a vision map for the region, including visual models of what smart growth would look like at the regional, sub-regional and local level; and
  - ✓ incentives and specific tools for locals/regional agencies to make the vision a reality.

- ABAG and other regional governmental bodies (MTC, BAAQMD) should have a facilitative role in developing smart growth policies, rather than act as drivers of the process.
  - ✓ Maintain local autonomy within a regional/sub-regional smart growth strategy.
  - ✓ Provide support by bringing people together to build partnerships across localities.
  - ✓ Build a dialogue among local and regional governments to agree to implement smart growth policies.

- Housing and land use decisions need to be developed through a land use neutral revenue scheme.

- Use a similar (or the same) process as the one described above for the regional smart growth strategy to achieve housing and land use coordination.

- Include a variety of potential implementation tools, including, but not limited to the urban growth boundary.

- Place the responsibility for increasing land use density on local agencies.

Additional Comments

- Pass a State Constitutional Amendment to prevent loss of local control over funding to the State.

- Establish an enduring fiscal framework.

- Consider State infrastructure funds and programs as alternative funding sources.

Housing

HOUSING ACTION STRATEGIES
"PRINCIPLE OF BALANCE"
· ALL INCOMES HOUSING TYPES
· ALL AGES

☐ REGIONAL/SUB REGIONAL
LINKS · WITH JOBS HOUSING
BALANCES · CONNECTIONS
TO RESOURCES & NEED SERVICES!

☐ CREDIT FOR COLLABORATION
@ LOCAL/CITY LEVELS
ALONG TRANSP CORR.
· CREDIT FOR PRE-
PLANNING
· RESOURCES FOR
SERVICES TO CREATE
"PLACE" – Schools, childcare
· DISPROP. SHARE OF
RESOURCES WILL NEED
TO GO TO INNER CITIES

☐ INCENTIVES
· CITY'S HOUSING PROD.
· RESIDENTS FOR LOCATING
· N'HOODS
· EMPLOYERS
· MIXED USE/SMALL
SCALE IN-LAW
UNITS
· LOW-LOW INCOME HSG.

☐ ZONING CHANGES
USE COMMON/UNDERSTANDABLE
TERMS
· REVISE PARKING REQ.

☐ EDUCATION
PROGRAMS!
· PUBLIC
· BUZ.
· CLEARING HOUSE!

☐ SCORE·CARD
"HOW ARE WE DOING!"

☐ STATE CHAMPION!
· STATE INFRASTRUCTURE
· BANK
· LEADERSHIP FROM
GOV.!

☐ BEST PRACTICE
INFORMATION/MODELS!

ABAG/ULI   REGIONAL LEADERSHIP FORUM
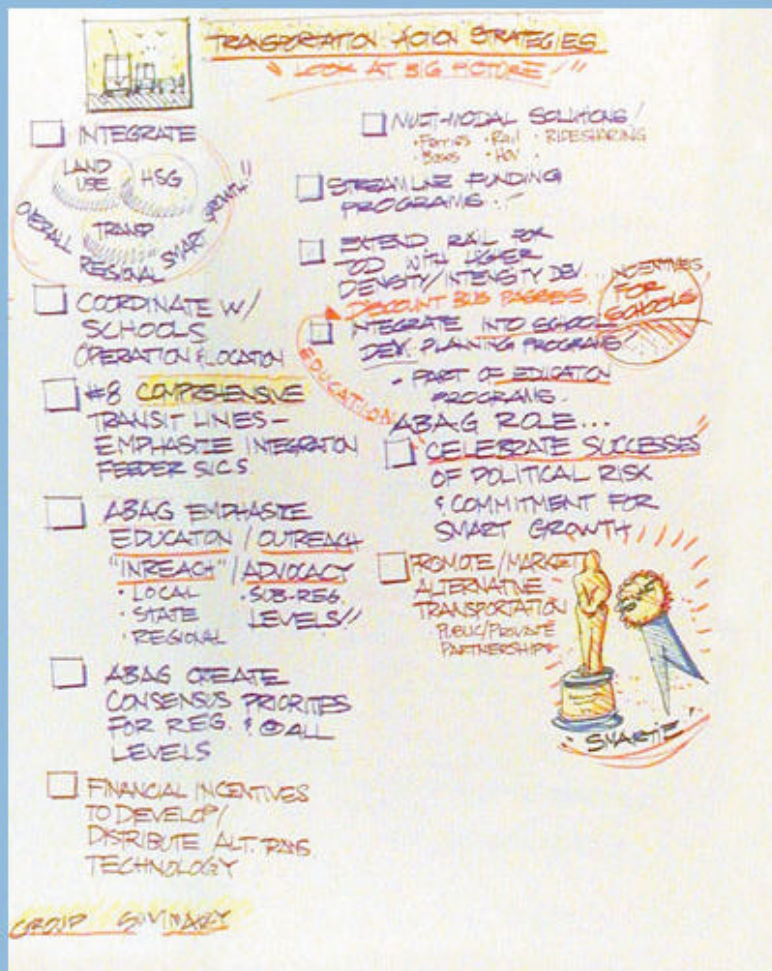
Comments on ULI Recommended Priority Actions

- Base housing needs on a principle of balance, providing a variety of housing types for all income levels and ages.

- Increase regional and sub-regional linkages between housing and needed community resources and services along transportation corridors to help produce jobs/housing balances.

- Consider current levels of housing production and availability in an area – do not penalize cities that currently have a high amount of housing.

- Provide credit to areas that are focusing on collaboration for providing housing and services at the local and county levels.

- Reallocate resources to areas to provide funding for smart growth and preplanning that incorporate community needs (e.g., childcare, education, water, services, etc.) along with housing needs.

- Recognize that these policies will distribute a disproportionate share of resources to older urban areas that are in greater need of community services.

Implementation Strategies

The following are a list of incentives to encourage smart growth housing policies and to help implement the ULI Recommended Actions with regard to housing:

- Provide rewards to cities, residents, neighborhoods, sub-regions, developers, employers that encourage or support development that balances jobs and housing.

- Develop incentives for mixed use and small scale local infill projects as well as "low-low income housing" and in-law units.

- Provide education programs to teach businesses and communities about housing and development best practices – ABAG could act as a state/regional clearinghouse for model ordinances and financing.

- Develop a scorecard to objectively measure how the region is doing in providing for its housing needs.

- Identify an organization that will act as a state champion to provide governmental leadership with regard to state infrastructure and funding needs.

- Change zoning laws to utilize more common, understandable terms (e.g., "village, neighborhoods") rather than more technical language.

- Revise parking zoning requirements downward.

Transipartation

Comments on ULI Recommended Priority Actions

Participants agreed in concept with each of the recommended actions, however they offered some key revisions and suggestions on how to improve the actions. Comments that relate directly to a ULI Recommended Priority Action will have the Action number in parentheses.

- Ensure that the regional smart growth strategy addresses the overall "big picture" including all components (e.g., housing, land use, transportation, jobs, etc.) of smart growth.

- Consider actions that take a more multi-modal approach to transportation (e.g., bus, bicycle, pedestrian, ridesharing, ferry, etc.) actions.

- Incentivize not only Transit Oriented Development, but also development that increases overall community livability and walkability through neighborhood services.

- Streamline the funding mechanism as well as the preplanning mechanism. (#7)

- Establish new funding for pre-planning studies rather than take money out of an already limited amount of transportation funds. (#7)

- Change from "limited" transit lines to "comprehensive" transit that emphasizes integration and intermodal linkages. (#8)

- Increase minimum density to more than 40 units per acre. (#9)

- Provide transit service (not just rail) for communities that focus on community livability and walkability. (#9)

Implementation Strategies

Participants identified the following ABAG roles and actions that will encourage implementation of the ULI recommended actions:

- Focus on community and governmental education/outreach and "inreach"/advocacy at the local, state, regional & sub-regional levels.

- Establish real cost data for various forms of transportation.

- Perform cost/benefit analyses.

- Develop consensus and priorities.

- Celebrate and acknowledge commitment to smart growth in the face of high political risks. Honor everyone involved, including politicians who make smart growth happen.

- Work with school boards on where schools are located and how transit services are provided to schools, including discounted student bus passes.

- Educate children about alternative modes – acculturate people to transit when they are young.

Additional comments

- Provide financial incentives to develop and distribute alternative transportation technology (e.g., electric cars).

- Promote and market alternative transportation to develop public/private partnerships for the funding and delivery of transportation services.

BACKGROUND NOTES:

ROSTER for ULI Regional Leadership Forum on Smart Growth: The following roster lists the participants in the ULI's Regional Leadership Forum on Smart Growth, which met three times. Together they reached agreement on the specific high-priority actions that State and local governments must take on to address critical growth challenges. The group made it clear that

they fully understood the complexity of each of the proposals and within the "Ten Recommended Priority Actions" tried to balance meaningful descriptions with conciseness.

Participants

Mark De Saulnier, Supervisor, County of Contra Costa
Millie Greenberg, Mayor, Town of Danville
Steve Kinsey, Supervisor, County of Marin
Tom Radulovich, Director, Bay Area Rapid Transit District
Carl Anthony, President, Urban Habitat
Andy Barnes, Principal, Barnes & Company
Ruben Barrales, President and CEO, Joint Venture Silicon Valley
Jane Bergen, Board Vice President, Bay Area League of Women Voters
Don Blubaugh, City Manager, City of Walnut Creek
Nick Bollman, Senior Program Director, Irvine Foundation
Bruce Cain, Associate Director/Chair, UC Berkeley Institute of Governmental Studies
Jim Chappell, President, San Francisco Planning and Urban Research Association
Stuart Cohen, Executive Director, Transportation Choices Forum
Judy Corbett, Executive Director, Local Government Commission
Michael Covarrubias, President, The Martin Group
Rob Elder, Vice President and Editor, San Jose Mercury News
Robert Freed, President of the South Bay Division, Kaufman and Broad
Viola Gonzales, Executive Director, Latino Issues Forum
James Head, President, National Economic Development and Law Center
John J. Healy, Jr., President, Hyde Street Holdings
Mark Kroll, Senior Vice President, SARES REGIS Group of Northern California
Sunne Wright McPeak, President and CEO, Bay Area Council
Jim Musbach, Principal, Economic and Planning Systems
Tom O'Malley, President, Tri-Valley Business Council
Jay Paxton, Immediate Past Chair, San Francisco Council District, Urban Land Institute
Michelle Perrault, International Vice President, Sierra Club
Shelley Potichia, Executive Director, Congress for the New Urbanism
Lynn Sedway, Principal, Sedway Group
Doug Shoemaker, Project Manager, Mission Housing Development Corporation
Candace Skarlatos, Vice President/Director of Environmental Initiatives, Bank of America
Linda Sobuta, Associate Principal, Simon Martin-Vegue Winkelstein Moris
Dianne Spaulding, Executive Director, Non-Profit Housing of Northern California
Sharon Sprowls, Policy and Research Development Director, California Futures Network
Tom Steinbach, Executive Director, Greenbelt Alliance

Observers/Resources

Faye Beverett, Chair, San Francisco Council District, Urban Land Institute
Gary Binger, Planning Director, Association of Bay Area Governments

RECOMMENDED PRIORITY ACTIONS (from the Regional Leadership Forum on Smart Growth)
(Detailed Summary)

1. **Develop a regional smart growth strategy.**
   This process would engage social equity, environmental and business communities, locally elected officials, architects, planners, regional agencies, and citizens in a discussion of where growth should happen and where open space should be preserved. It would encourage local land use decisions that support compact, infill, transit-oriented development and would include a regional open space protection and agriculture protection and enhancement plan.

This must be an extensive process involving locally elected city and county officials throughout the region. This process could be jointly coordinated by organizations such as the Bay Area Alliance for Sustainable Development Steering Committee, the Bay Area Transportation/Land Use Coalition, the Urban Land Institute, and the leadership of ABAG, MTC, the Bay Area Air Quality Management District, the Bay Conservation and Development Commission and the Regional Water Quality Control Board. If endorsed by the Association of Bay Area Governments, the results of this effort would be made a part of Projections 2002 and the 2002 Regional Transportation Plan.

2. **Link urban growth boundaries with the establishment of complementary policies and incentives to ensure that needed housing is accommodated within the boundaries.**
    The primary purpose of urban growth boundaries is to protect open space and agricultural lands. Unless communities that enact urban growth boundaries also provide policies and incentives for needed housing within their boundaries, the effect will be a) higher housing prices, and b) pushing Bay Area workforce housing beyond the fringes of our region.

3. **Exchange one-half cent of the locally levied sales tax for an equivalent amount of property tax.**
    This recommendation, being advocated by the Speaker's Commission on State and Local Government Finance, would be revenue-neutral to all jurisdictions in the first year. Thereafter, property tax-generating land uses would become more attractive to local governments while sales tax-generating land uses would become less attractive. Such a new system must assure, however, that it does not unintentionally penalize jurisdictions that rely on sales tax, but supports those that are developing in line with smart growth principles.

    Currently, one cent of the sales tax generated in each jurisdiction returns to the locality. This proposal would change State law to allow the following arrangement: in the first year, jurisdictions would receive an equivalent amount of funding, but instead of receiving the one cent of sales tax, they would receive 0.5 percent of sales tax and an equivalent amount of property tax. For each jurisdiction, the percentage of local property tax rate this amount of property tax represents would be calculated.

    In subsequent years, jurisdictions would continue to receive the 0.5 percent sales tax and would receive the newly calculated percent of property tax. Jurisdictions will continue to benefit somewhat from retail growth. This recommendation will also reward, however, growth in property values. Therefore, communities that encourage housing development and otherwise see an increase in property values will be rewarded.

    Clearly, there are a number of critical issues to be worked out before this proposal will be ready to become law. How to protect jurisdictions that currently rely on sales tax but are developing according to smart growth principles? How to ensure that the proposal doesn't reduce housing opportunities for lower income Bay Area residents by encouraging gentrification? How to create trust that the State will, in fact, return the property tax funds, once they have collected the sales tax revenue?

4. **Create regional revenue pools to reward smart growth behavior.**
   This action would create a new funding source that would be awarded to jurisdictions based on yet-to-be developed smart growth criteria, such as transit-oriented and other infill, pedestrian-oriented and compact development, or the accommodation of housing for all income groups. The source of the funding would be a portion of the future increment of growth in the sales tax generated within the region, plus an equivalent state match.

   The net effect to cities that are developing according to these and other smart growth principles would be a greater share of regional sales taxes and the addition of the state match. If all Bay Area communities embrace these principles, then they would all gain the state match. Local governments would have discretion over how this revenue would be spent.

5. **Reform regional housing needs determination process so that needed housing is allocated according to smart growth principles.**
   Currently, the regional housing need is allocated based on current trends in household and job growth. This procedure should be revised to emphasize a compact pattern of development, and to encourage housing to be located near employment, public transit and basic neighborhood services. The procedure should also plan for affordable housing within each jurisdiction and throughout the Bay Area.

   The State could assist California communities in achieving smart growth goals by providing financial support for the preparation of detailed site-specific plans to meet their fair share of housing needs and to conduct a full CEQA review of those plans. This would result in more housing because one of the major barriers to infill development is the time and expense of CEQA review. Following the preparation of such plans, developers would need only purchase the property and construct the housing.

6. **Provide incentives for creating housing at all income levels.**
   Bay Area communities that do a good job meeting their fair share of regional housing should be rewarded with financial and other strong incentives. Since housing future residents is a task that will benefit the entire state, the State should create new discretionary funding programs to provide incentives for developing such housing.

   In addition, the receipt of regional and state transportation funding should be linked to a community's progress in meeting their housing needs. This could be done through a formula that would compare the net number housing units at each income level produced in a jurisdiction over the past five-to-ten years to some benchmark, such as the regional average of housing produced over that period (adjusted for population) or the number of units prescribed by the housing needs assessment process.

   Additional incentives should reward communities that go beyond providing needed housing by locating it near public transit and employment and in mixed-used, pedestrian-friendly developments. An example would be to strengthen the Transit Village Development Planning Act to create financial tools and incentives for the creation of transit villages. Bay Area regional planning agencies could also provide financial incentives for such development.

7. **Provide grants or loans to jurisdictions to develop transit-oriented development (TOD) plans, establish zoning and perform specific area CEQA analysis in order to address community and environmental concerns and streamline future development in these areas.**
A significant barrier to developers seeking to build near Bay Area transit stations is the cost and time needed to progress through the local design and approval process, particularly in infill locations where nearby residents expect a voice in project design. If state grants were available to local jurisdictions to develop TOD plans, establish appropriate zoning and perform the needed analyses, including public input to all decisions, such development opportunities would be much more attractive to real estate developers. In such cases, after the jurisdiction completed its TOD plan, incorporated mitigation requirements and established zoning, like #5, above, developers would need only purchase the property and build a project consistent with the plan.

8. **Add infill rail stations and transit-oriented development within existing rail networks, where feasible. Consider augmenting service to create new limited transit lines.**
This action would take advantage of past investments in BART, Caltrain and VTA by creating new rail stations on existing lines, where minimum station spacing standards are met.

9. **Extend rail lines only when station areas are rezoned to appropriate densities and allow mixed use and mixed income development.**
When most people think of sprawl-inducing transportation investments, highways come to mind. If the development surrounding rail stations does not take advantage of its proximity to the station, does not provide housing and services to future transit passengers and does not accommodate people of all income levels, rail investments can be equally effective at allowing sprawl.

   This action would require local jurisdictions to create zoning around future BART, Caltrain and VTA station sites that requires transit-supportive densities (generally a minimum of 20 units per acre), mixed use and mixed income housing development before the transit agency would establish a station. Furthermore, it would require a binding agreement to prevent communities from down-zoning once their station is established.

10. **Improve public schools.**
Given the absence of an education expert at the Regional Leadership Forum, no recommendations on how to improve public schools are suggested. Instead, we acknowledge that education is an area that is critical to smart growth in many ways and that smart growth advocates need to establish relationships with individuals and organizations working to improve public school education in the Bay Area.